

## MBA (SCM) Sem.-1 Examination

FC-103

FA &amp; B

Time : 2-30 Hours]

January-2025

[Max. Marks : 70

Q.1	<p>A) Write a note on Fundamental Accounting Assumptions with example.</p> <p>B) Explain following:</p> <ul style="list-style-type: none"> <li>• Amortisation and depletion</li> <li>• Reserve vs Provision</li> </ul>	10 04
Q.2	<p>A) Pass the necessary journal entries in the books of Rashi Raj,</p> <ol style="list-style-type: none"> <li>1. On 1 April 2023, Cash Purchases ₹20,000.</li> <li>2. On 9 April 2023, Sold goods to Rama at the list price of ₹60,000 at a trade discount of 10%.</li> <li>3. On 15 April 2023, cash withdrawn ₹5,000 for personal use.</li> <li>4. On 29 April 2023, the Bank charged interest for ₹500.</li> <li>5. On 05 May 2023, Amar who owned ₹20,000 declared insolvent.</li> <li>6. On 8 May 2023, goods worth ₹3,00,000 were destroyed by fire, and the insurance company paid a claim for 60% amount.</li> <li>7. On 31 May 2023, the Salary of an employee is due for ₹5,000.</li> <li>8. On 2 Jun 2023, Amar who was earlier declared insolvent paid INR 6,000.</li> <li>9. Bought Furniture of INR 30,000 for cash.</li> <li>10. On 18 December 2023, Returned goods to Vinod at the list price of ₹2,000.</li> </ol> <p>B) Define Accounting, Accountancy and Account</p> <p style="text-align: center;"><b>OR</b></p> <p>A) The following data is given by <b>Mr. S, the owner</b>, with a request to compile only the <b>two personal accounts of Mr. H and Mr. R</b>, in his ledger, for the month of April, 2022.</p> <p>1 Mr. S owes Mr. R Rs.15,000; Mr. H owes Mr. S Rs.20,000.</p> <p>4 Mr. R sold goods worth Rs. 60,000 @ 10% trade discount to Mr. S.</p> <p>5 Mr. S sold to Mr. H goods prices at Rs.30,000.</p> <p>17 Record a purchase of Rs.25,000 net from R, which were sold to H at a profit of Rs.15,000.</p> <p>18 Mr. S rejected 10% of Mr. R's goods of 4th April.</p>	10 04 10

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	<p>19 Mr. S issued a cash memo for Rs.10,000 to Mr. H who came personally for this consignment of goods, urgently needed by him.</p> <p>22 Mr. H cleared half his total dues to Mr. S, enjoying a ½% cash discount (of the payment received, Rs. 20,000 was by cheque).</p> <p>26 R's total dues (less `10,000 held back) were cleared by cheque, enjoying a cash discount of Rs.1,000 on the payment made.</p> <p>29 Close H's Account to record the fact that all except Rs.5,000 was cleared by him, by a cheque, because he was declared bankrupt.</p> <p>Balance R's Account</p> <p>B) Write a note on Users of Financial Statements/ Reporting.</p>	04
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Q.3	<p>A) The Balance Sheet of New Light Ltd. as at 31st March, 20X1 and 20X0 (for the years ended) are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 15%;"></th> <th style="width: 10%; text-align: center;">Notes</th> <th style="width: 20%; text-align: center;">31<sup>st</sup> March 20X0</th> <th style="width: 20%; text-align: center;">31<sup>st</sup> March 20X1</th> </tr> </thead> <tbody> <tr> <td></td> <td>Equity and Liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td>Shareholders' funds</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>A Share capital</td> <td style="text-align: center;">1</td> <td style="text-align: right;">16,00,000</td> <td style="text-align: right;">18,80,000</td> </tr> <tr> <td></td> <td>B Reserves and Surplus</td> <td style="text-align: center;">2</td> <td style="text-align: right;">8,40,000</td> <td style="text-align: right;">11,00,000</td> </tr> <tr> <td>2</td> <td>Non-current liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Long term borrowings</td> <td style="text-align: center;">3</td> <td style="text-align: right;">4,00,000</td> <td style="text-align: right;">2,80,000</td> </tr> <tr> <td>3</td> <td>Current liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>A Other current liabilities</td> <td style="text-align: center;">4</td> <td style="text-align: right;">6,00,000</td> <td style="text-align: right;">5,20,000</td> </tr> <tr> <td></td> <td>B Short term provision (provision for tax)</td> <td></td> <td style="text-align: right;">3,60,000</td> <td style="text-align: right;">3,40,000</td> </tr> <tr> <td></td> <td>Total</td> <td></td> <td style="text-align: right;">38,00,000</td> <td style="text-align: right;">41,20,000</td> </tr> <tr> <td></td> <td>Assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td>Non-current assets</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>			Notes	31 <sup>st</sup> March 20X0	31 <sup>st</sup> March 20X1		Equity and Liabilities				1	Shareholders' funds					A Share capital	1	16,00,000	18,80,000		B Reserves and Surplus	2	8,40,000	11,00,000	2	Non-current liabilities					Long term borrowings	3	4,00,000	2,80,000	3	Current liabilities					A Other current liabilities	4	6,00,000	5,20,000		B Short term provision (provision for tax)		3,60,000	3,40,000		Total		38,00,000	41,20,000		Assets				1	Non-current assets				14
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	A	Property, plant and Equipment	5	22,80,000	26,40,000
	B	Non-Current Investments		4,00,000	3,20,000
2		Current assets			
	A	Cash and Cash equivalents		10,000	10,000
	B	Other Current assets		11,10,000	11,50,000
		Total		38,00,000	41,20,000

Notes to accounts

No.	Particulars	31 <sup>st</sup> March, 20X0	31 <sup>st</sup> March, 20X1
1	Share capital		
	Equity share capital	12,00,000	16,00,000
	10% Preference share capital	4,00,000	2,80,000
	Total	16,00,000	18,80,000
2	Reserves and Surplus		
	General reserve	6,00,000	7,60,000
	Profit and Loss account	2,40,000	3,40,000
	Total	8,40,000	11,00,000
3	Long term borrowings		
	9% Debentures	4,00,000	2,80,000
	Total	4,00,000	2,80,000
4	Other current liabilities		
	Dividend payable	1,20,000	-
	Current Liabilities	4,80,000	5,20,000
	Total	6,00,000	5,20,000
5	Property, plant and		

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equipment			
Property, plant and equipment		32,00,000	38,00,000
Less: Depreciation		-9,20,000	-11,60,000
Net carrying value		22,80,000	26,40,000

**Additional information:**

- The company sold one property, plant and equipment for INR 1,00,000, the cost of which was INR 2,00,000 and the depreciation provided on it was INR 80,000.
- The company also decided to write off another item of property, plant and equipment costing INR 56,000 on which depreciation amounting to 40,000 has been provided.
- Depreciation on property, plant and equipment provided INR 3,60,000.
- Company sold some investment at a profit of INR 40,000.
- Debentures and preference share capital redeemed at 5% premium. Debentures were redeemed at the year end.
- Company decided to value inventory at cost, whereas previously the practice was to value inventory at cost less 10%. The inventory according to books on 31.3.20X0 was INR 2,16,000. The inventory on 31.3.20X1 was correctly valued at INR 3,00,000.

Prepare Cash Flow Statement as per revised Accounting Standard 3 by indirect method.

**OR**

A) Prepare common size Balance Sheet of XRI Ltd. from the following information:

Particulars	Note No.	March 31, 2022	March 31, 2023
<b>I. Equity and Liabilities</b>			
1. Shareholders' Fund		15,00,000	12,00,000
a) Share capital			
b) Reserves and surplus			
2. Non-current liabilities Long-term borrowings			
3. Current liabilities			
Trade Payable			
Total			
<b>II. Assets</b>			
1. Non-current assets		5,00,000	5,00,000
a) Fixed assets		6,00,000	5,00,000
- Tangible asset		15,50,000	10,50,000

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Plant & machinery	41,50,000	32,50,000
- Intangible assets Goodwill		
b) Non-current investments		
2. Current assets		
Inventories	14,00,000	8,00,000
Total	16,00,000	12,00,000
	10,00,000	10,00,000
	1,50,000	2,50,000
	41,50,000	32,50,000

B) Gig Ltd. has furnished the following information relating to the year ended 31st March, 2022 and 31st March, 2023:

	31 <sup>st</sup> March, 2022 (INR)	31 <sup>st</sup> March, 2023 (INR)
Share Capital	40,00,000	40,00,000
Reserve and Surplus	20,00,000	25,00,000
Long term loan	30,00,000	30,00,000

- Net profit ratio: 8%
- Gross profit ratio: 20%
- Long-term loan has been used to finance 40% of the fixed assets.
- Stock turnover with respect to cost of goods sold is 4.
- Debtors represent 90 days sales.
- The company holds cash equivalent to 1½ months cost of goods sold.
- Ignore taxation and assume 360 days in a year.

You are required to PREPARE Balance Sheet as on 31st March, 2023 in the following format:

Liabilities	(INR)	Assets	(INR)
Share Capital	-	Fixed Assets	-
Reserve and Surplus	-	Sundry Debtors	-
Long-term loan	-	Closing Stock	-
Sundry Creditors	-	Cash in hand	-



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Q.5 You are required to prepare a Statement of Profit and Loss and Balance Sheet from the following Trial Balance extracted from the books of the Hilton Hotels Ltd., on 31st March, 20X2:		Dr. (INR)	Cr. (INR)
Authorised Capital-divided into 5,000 6% Preference Shares of INR 100 each and 10,000 equity Shares of INR 100 each			15,00,000
Subscribed Capital - 5,000 6% Preference Shares of INR 100 each			5,00,000
Equity Capital			8,05,000
Purchases - Wines, Cigarettes, Cigars, etc.	45,800		
- Foodstuffs	36,200		
Wages and Salaries	28,300		
Rent, Rates and Taxes	8,900		
Laundry	750		
Sales - Wines, Cigarettes, Cigars, etc.			68,400
- Food			57,600
Coal and Firewood	3,290		
Carriage and Cooliage	810		
Sundry Expenses	5,840		
Advertising	8,360		
Repairs	4,250		
Rent of Rooms			48,000
Billiard			5,700
Miscellaneous Receipts			2,800
Discount received			3,300
Transfer fees			700
Freehold Land and Building	8,50,000		
Furniture and Fittings	86,300		

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Inventory on hand, 1st April, 20X1		
Wines, Cigarettes. Cigars, etc.	12,800	
Foodstuffs	5,260	
Cash in hand	2,200	
Cash with Bankers	76,380	
Preliminary and formation expenses	8,000	
2,000 Debentures of INR 100 each (6%)		2,00,000
Profit and Loss Account		41,500
Trade payables		42,000
Trade receivables	19,260	
Investments	2,72,300	
Goodwill at cost	5,00,000	
General Reserve		2,00,000
	19,75,000	19,75,000

  

Wages and Salaries Outstanding	1,280
Inventory on 31st March, 20X2	
Wines, Cigarettes and Cigars, etc.	22,500
Foodstuffs	16,400

Depreciation: Furniture and Fittings @ 5% p.a. : Land and Building @ 2% p.a.  
 The Equity capital on 1st April, 20X1 stood at INR 7,20,000, that is 6,000 shares fully paid and 2,000 shares INR 60 paid. The directors made a call of INR 40 per share on 1st October 20X1. A shareholder could not pay the call on 100 shares and his shares were then forfeited and reissued @ INR 90 per share as fully paid. The Directors declared a dividend of 8% on equity shares on 2nd April, 20X2, transferring any amount that may be required from General Reserve. Provide Taxation @ 30%.